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REVIEWS

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REVIEW ESSAY

HISTORICAL METHODS — POST MODERNIST ANALYSIS

LaCapra, Dominick. —*History & Criticism.* Ithaca, NY: Cornell University Press, 1985, 145pp., $17.50.

Porter, Dale L. *The Emergence of the Past – A Theory of Historical Explanation.* Chicago, University of Chicago Press, 1981, 205pp., $19.00

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These two books deal with very different subject matters but they have a common theme, namely that contemporary knowledge should not be modeled on the early 20th century's understanding of certain pieces of 19th century and especially 17th century physics. In short, they reject the deductive covering law model as an appropriate method for historical research. LaCapra examines social and intellectual history and proposes to join the traditional documentary model of history with rhetorical analysis to create a broader, interactive understanding of historical discourse. Porter's thesis is that modern scientific knowledge has changed conceptions of time and events, making historical narrative better able to generate valid explanations than the Newtonian mechanistic paradigm that has had a lasting impact on historical research. Porter contends that "the positivist" deductive law approach is based on a conception of science that was already becoming outmoded when Carl Hempel challenged historians to follow it [p. 63] and that modern science now demands that perception replace the static causal concept of a "fictional physical force" found in deductive law models [p. 69]. Porter advocates use of a "genetic approach to historical methodology," based on the process philosophy of Whitehead and extending the processive model of Hexter.

LaCapra and Porter also agree that historical methodology has not reached a paradigmatic state, although LaCapra suggests that the documentary model of history has almost achieved paradigmatic status. The documentary model reduces the historian's task to a search for "hard" facts, sifting through sources with the greatest repute given to those who find a new "fact." The model suggests there is an implicit hierarchy of sources and creates a fetish with archival research. The historical imagination is limited to plausibly filling in the gaps; and LaCapra laments the fact that historians seem to have forgotten, if they ever knew, that a new reading and interpretation of the facts might be more important and worthwile [p. 21]. Accounting historians should take heed of LaCapra's reminder that "it is not only the discovery of new material but the rereading of the old that generates new insights" into the evolution of the ideas in any discipline.

Porter's message is a little more draconic; he characterizes history as being at a pre-paradigmatic stage. A discipline where there is "a gap between doctrines of explanation (which may be at war among themselves) and the work done by researchers . . . (whose) works survive uneasily on the remnants of outworn models whose assumptions are either forgotten or constantly questioned . . . (and) hostility generated by the lack of a generally accepted framework" [p. 25]. Although we have had several recent works on accounting paradigms, it might be worthwhile to take a step back and ask if such analyses may not have been premature. It also might be useful to heed Porter's advice to look at areas which have been disregarded in recent years as a starting point for finding an adequate paradigm.

While space prohibits a complete discussion of both these books, accounting historians should find both interesting alternatives to the traditional documentary model. For those interested in the history of ideas, LaCapra suggests that we conduct a conversational exchange with the past and that the performative use of language makes a difference in our relation to the object of study. Perhaps, his most important message for accountants is that "rhetorical considerations underscore the political involvement of all interpretation; even the seemingly disinterested description of analysis of facts . . . " [p. 37]. For LaCapra, objectivity and relativity are false options; the rhetorical dimension of historiography, he believes, may prevent us from imposing current views on the past and ignoring disconcerting voices not in light with our current beliefs.

He elaborates on this problem in his discussion of the phenomenon of transference which creates the temptation to assert full control over the object of study. he points out that "transference may be blindest when disciplinary or subdisciplinary boundaries and protocols of research become the foundation for a self-enclosed frame of reference that induces methodological scaptgoating — the exclusion or reduction — of phenomena and perspectives that cannot be fully adjusted to it" [p. 75]. The question one asks when completing LaCapra's book is would it not be beneficial if accounting historians subjected our literature to such an analysis? While most accounting historians may not be familiar with rhetoric, the LaCapra book, read along with McCloskey's *Rhetoric of Economics* [1985], should highlight how valuable such an approach might be in enhancing understanding of our discipline.

Porter advocates a genetic approach to historical methodology as an appropriate means of coming to grips with the dual nature of historical understanding. He suggests that both sequential and analytical analyses are necessary for complete explanations and attempts to show the two methods are not antithetical but complementary. Porter rejects determinism; he adopts Scriven's concept of normic hypotheses to develop an analytic framework that (1) serves as a guide for elements of continuity and change, (2) identifies a subject's characteristic pattern of behavior as one of the initial conditions of an event and (3) identifies patterns of behavior that seem strange to us because of differences in culture and culture values [p. 37]. In short, Porter reminds us that history is not only a record of what happened (Carr) but, also of what people failed to do (Bloch).

According to Porter, historians do not have an explanatory scheme "in which events are clearly defined according to their temporal structure and constituent elements" [p. 85], therefore, a new model is needed to identify the elements that make up the final form of any event. These elements are patterns of experience brought into focus by individuals, groups, institutions and ideas involved in the events organization. Thus, the historian's task is to identify these patterns at the various levels of abstraction, identify important contrasts and conflicts, and show how the event resolves those tensions and contrasts. Porter uses the Reform Act of 1832 to illustrate the application of his process model; since accounting researchers may be more familiar with the Securities Acts (1933-34), this review will use that legislation to illustrate Porter's model.

Porter suggests that the analysis of the emergence of an event proceed according to a hierarchy of abstraction. The event, itself, is the lowest level of abstraction; an idea that may seem strange to anyone used to conducting sequential analysis. But, Porter's logic is that the event is a synthesis of the more abstract elements that make up its constituent parts. The event is defined with respect to duration, geographic dimensions and its future consequences. While examination of duration and geographic dimensions of an event probably seems routine to most accounting historians, it is not as clear that we pay sufficient attention to the consequences of an event when conducting our analyses. Retrodiction, explaining an event's emergence from its past, is a critical step in the historical process. For example, Joseph Kennedy, not a New Deal reformer, was named the first SEC commissioner. Legislation did not result in passage of a federal incorporation law nor did it result in standard setting being removed from the private sector. Examination of subsequent events is a critical step that enables the historian to identify key elements in the antecedent period that need closer examination.

After defining the duration, geographic dimensions, and significance of an event, the analysis then can proceed to different levels of abstraction. The hierarchy, in ascending order, would include — individuals, groups, institutions, concepts, and forces. (pp, 89ff) Examination of individual perceptions, i.e., Berle, Morgan and Roosevelt, usually highlight significant differences and often lead to vivid contrasts between what actually happened and what might have been. The analysis would then proceed to groups (accountants, bankers), institutions (Congress, NYSE), concepts (corporate democracy, shareholders' rights), forces (political, economic, social, technology). This hierarchical examination, combined with traditional sequential analysis, enhances understanding by highlighting contrasts between the event's actual configuration and its unrealized potentialities. While we probably do not have a sufficient mass of accounting history to conduct the type of critical analyses suggested by LaCapra and Porter, their approaches do offer interesting new methodologies that could be employed by accounting historians to produce significantly different historical interpretations of how our discipline has evolved.

BOOK REVIEWS:

Yamey, B. S., Edey, H. C. and Thomson, H. W. *Accounting in England and Scotland 1543-1800* (London: Sweet and Maxwell, 1963. Reprint edition, New York: Garland Publishing, 1982 244pp., $25.00)

Reviewed by
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One factor retarding the integration of accounting history into the accounting curriculum at both the undergraduate and graduate levels is the short supply of appropriate texts and other materials conveniently packaged for classroom use. Ideally, such material would incorporate background information on the topic or period under consideration, reproductions or transcriptions of original source documents, commentary on the sources, and suggestions for further reading or archival work. Although not the stated intention of its authors Yamey, Edey and Thomson, this welcome reprint from Garland Publishing could be used as such a text in addition to serving its ostensible purpose as a foundation for further research. The book consists of four major parts:

I. Extracts from books on accounting dating from the sixteenth to the early nineteenth centuries.
II. An essay that surveys books on accounting in English from the same period.
III. An essay on the practice of double-entry accounting in Britain in the seventeenth and eighteenth centuries.
IV. A bibliography of books on accounting in English from the period 1543-1800.

It is the rare combination of primary, secondary and bibliographic source material between the same two covers that makes this book so potentially valuable for both teaching and research. In addition to a balanced combination of materials, the text itself is well prepared. The authors chose the extracts thoughtfully to demonstrate the variety of topics considered in the early accounting treatises. Careful editing has enhanced the readability of the passages while preserving the original sense of the language. The essays are also well crafted. They represent in a suitably distilled form Yamey's work on early accounting thought and practice in Britain, and their inclusion helps to set the primary source material in context.

The book is illustrated by a series of 16 plates which reproduce actual pages of early journals, ledgers and accounting treatises. While the inclusion of this type of illustration is highly desirable, the authors would have increased the value of the material by providing transcriptions of the plates and some specific comment on their content.

From a purely research perspective, the book when originally published in 1963 added nothing new to Yamey's already prodigious body of research findings on early British accounting history. It did, however, present a portion of them in a conveniently summarized form which, with its excellent bibliography, continues to make the work a starting point for further research in the area.

For those scholars wishing to develop a research interest in early-modern or British accounting history, the book is best read in conjunction with James Ole Winjum's *The Role of Accounting in the Economic Development of England: 1500-1750* (Urbana, Illinois: Center for International Education and Research in Accounting, 1972). It is particularly important to compare their discussion of the relationship between theory and practice. Like Yamey, Edey and Thomason, one of Winjum's major contributions is to survey the most significant early works on accounting in English and to relate them to accounting practice during the period. Based on their examination of account books from the second half of the seventeenth century and later, Yamey *et. al.* concluded that "the early treatises are a realible mirror of contemporary practice" (p. vii). While Winjum agrees with this finding for the late seventeenth century and beyond, he demonstrates convincingly, using earlier accounting records, that literature was in advance of practice in England until the eighteenth century.

Carey, John L., *Professional Ethics of Public Accounting* (New York: American Institute of Accountants, 1946 Reprint edition, New York: Arno Press, 1980, 136 pp., $12.00).

Reviewed by
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The accounting profession's current set of ethical standards has evolved out of earlier versions of those standards. In "Professional Ethics of Public Accountants," John L. Carey outlined and discussed the existing ethical standards of public accounting of the late 1940s period. Originally published by the American Institute Of Accountants, the book provided a restatement and explanation of AIA standards, although a disclaimer of AIA influence was offered by Carey regarding his related discussions. Perhaps this was included because, despite Carey's claim that the book only described then existing standards, it in fact provided an interesting apology for Institute positions in some controversial areas, including contingent fees, advertising, client solicitation, and competitive bidding.

The book is divided into four parts: an Introduction, and sections entitled "The Interest Of The Public," "The Interest Of The Client," and "The Interest Of The Profession." Each section is further divided into individual chapters dealing with particular issues and standards. Frequently, each chapter begins with an excerpt from the related standard. Interpretations are also cited in numerous instances as are pronouncements of the Securities and Exchange Commission and the American Bar Association.

Several discussions of ethical issues and their related standards are particularly interesting. In the "Independence" chapter, Carey cited a Journal of Accountancy editorial that distinguished between independence as a state of mind and independence as an objective standard. In the "Contingent Fees" chapter, Carey noted the acceptability of contingent fees in tax practice. The issue of management advisory services was alluded to in chapters on incompatible occupations and simultaneous occupations. Association with forecasts was prohibited, as was advertising, solicitation of engaged businesses, competitive bidding, and offers to employees of other accountants.

As mentioned, Carey offered apologies for several accepted positions. Perhaps the most creative was the use of the ABA position on contingent fees, which Carey used, in conjunction with the elimination of the independence restriction, as the basis for the acceptability of contingent fees in tax practice. The essence of this argument was that contingent fees enabled those otherwise unable to afford an accountant the opportunity to do so. As another example, association with forecasts was not permitted, based on the argument that it was not possible to express an opinion on financial statements whose underlying transactions had not yet occured.

Carey expressed a distaste for commercialism and a concern for professional dignity, and used these positions as the basis for a defense of the prohibitions against advertising, solicitation of engaged businesses as clients, and competitive bidding. And for the agressive young practitioner, he offered some palliative advice on establishing a practice; build a reputation. With respect to advertising, Carey argued that advertising was, anyway, not effective for accounting firms and actually in the interest of the large, well established firms.

In summary, "Professional Ethics of Public Accounting" offers a well organized treatment of late-1940s ethical standards which provides an interesting comparison with current ethical standards. Carey's frequent citation of AIA rules and interpretations and SEC and ABA pronouncements provides a valuable basis for the subsequent discussions. These often illuminate the logic of the positions taken although some of Carey's defenses appear more as rationalizations than as convictions. Equally important, however, is the recognition of the importance of this book as a formal attempt to educate accounting practitioners in the ethical standards of their profession.